

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary \_ Public

**Date:** 12/9/2013

**GAIN Report Number:**

## Argentina

**Post:** Buenos Aires

### Argentina Increases its Biodiesel mix to 10 percent in 2014

**Report Categories:**

Biofuels

**Approved By:**

Melinda Sallyards

**Prepared By:**

Ken Joseph

**Report Highlights:**

The Argentine Government raises the biodiesel mix under the local mandate from 8 to 10 percent in 2014 to partially offset smaller exports due to market restrictions imposed by the EU.

**General Information:**

On December 2, 2013 the Argentine government announced that the mix of biodiesel with diesel will increase from the current 8 percent to 9 percent in January 2014 and to 10 percent in February 2014. It will also oblige thermo-electric plants to use the same mix. This measure is a way of compensating the local biodiesel industry which has seen a significant cut in exports to the EU, its number one market. In late November, the EU implemented an average countervailing duty of 24.6 percent on biodiesel imports from Argentina due to alleged dumping. This measure is expected to remain in place for the next five years. Argentina lodged a formal complaint at the WTO over the duties, and the Argentine biofuels chamber, CARBIO, said last week that it plans to take the case to the European Court of Justice challenging the import taxes. Office contacts believe that Argentine exports of biodiesel to the EU in 2014 will be almost insignificant due to the combination of the countervailing duty plus the elimination of a 6.5 percent preferential tax on biodiesel imports from Argentina under the GSP. Biodiesel exports to the EU topped in 2011 at 1.7 billion liters, declining in 2012 to 1.57 billion liters. Exports through October 2013 were 550 million liters.

The government expects to increase the domestic demand of biodiesel in 2014 by 450,000 tons (approximately 500 million liters), to 1.5 billion liters, an increase of 50 percent of Argentina's biodiesel consumption in 2013. Some 240 million additional liters will be used for transportation and 260,000 million liters to generate electricity. A preferential export tax on biodiesel exports initially stoked the industry's development, but the industry was dealt a blow last year when that plan was modified. On August 2012, the GOA announced the nominal increase on the export tax on biodiesel to 32 percent from 20 percent, the termination of a 2.5 percent rebate and a reduction of the official biodiesel reference price for the domestic mandate (for further information see Argentine Biofuels Report - 2013). The recently appointed Minister of Agriculture, Carlos Casamiquela, stated that Argentina has a production capacity of over 4.5 billion liters of biodiesel and that with the additional demand the local use will represent 33 percent of such capacity. Details on the implementation are still to be announced.